



THE ASSAM GAZETTE

অসাধাৰণ

EXTRAORDINARY

প্ৰাপ্ত কৰ্তৃত্বৰ দ্বাৰা প্ৰকাশিত

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GOVERNMENT OF ASSAM
ORDERS BY THE GOVERNOR
INDUSTRIES, COMMERCE AND PUBLIC ENTERPRISES DEPARTMENT

NOTIFICATION

The 29th August, 2023

ECF No. 358679/1.- The Governor of Assam is pleased to enunciate the “Assam Electronics (Semiconductor etc.) Policy 2023”. The Policy will come into effect from the date of notification and shall remain in force for a period of 5(five) years or until further orders.

LAKSHMANAN S.,
Secretary to the Government of Assam,
Industries, Commerce and Public Enterprise Department.

1. Background

Industrialization in Assam dates to the days of first commercial plantation of tea and then commissioning of Digboi Refinery on 11th December 1901. Digboi Refinery is the India's oldest operating refinery and one of the oldest operating refineries in the world. The historic Digboi Refinery has been termed as the "Gangotri of the Indian Hydrocarbon sector".

Apart from pioneering in tea and refining there are huge onshore oil & gas productions. Assam remained one of the largest revenue earning states with high per capita income before independence. Post partition in 1947, the State become completely land locked and lost access to the seaports. Its traditional trade through Bangladesh was disrupted as a result the State faced tremendous economic challenges.

At present, the State has a robust industrial base covering segments like petrochemicals, fertilisers, textiles, cement, plastic, traditional handlooms & handicrafts and tourism that offer gainful employment to thousands. Oil and natural gas, apart from tea estates, bring in most of the industrial revenues to Assam.

Asian Development Bank has conducted a Study "Assam as India's Gateway to ASEAN in the year 2021. The study laid down an outward looking growth strategy with the objective of developing the state into a \$75 billion economy by 2025 and achieving key sustainable development goals. The study identifies an industry strategy to enable manufacturing and service industries to service international markets. The study highlighted Assam's strength and opportunities in in tea, agro Based industries, bamboo sector, mineral sector, plastic, cement, handicraft & handloom, IT and other service-based industries. Beyond manufacturing, the study shows that Assam can emerge as a hub for service industries including higher education, medical value tourism, and technology-enabled services.

1.1. Industrial and Services Sector Ecosystem

Assam's GSDP has grown at CAGR of 11.33% to become Rs. 4,33,925 Cr by 2021-22. It is expected to grow 1.5X to reach Rs. 6,66,598 Cr by end of 2025-26 at the same rate of growth. In 2019-20, GVA of Industry Sector (Manufacturing, Electricity, Gas, Water Supply and other utility services and Construction) was 29.3%. Broad and robust domestic manufacturing base is the key to successful economic development, since it helps generate virtuous and cumulative linkages with other sectors of the economy, drives technological progress (industrial revolution), and has the strongest potential for productivity gains. GVA of Manufacturing sector alone contributes 10.19% to the State's GSDP in 2019-20 which is lower than the national average of 15%. However, GVA of Manufacturing has grown at a healthy rate of 10.24% between 2014 and 2020.

With Rs. 1,50,718.49 Cr. GVA, Services Sector contributed 45% to the State's GSDP in 2019-20. The sector has demonstrated a robust growth of 11.2% between 2014-2020.

1.2. Ease of Doing Business

It has been Assam's endeavour to make the State one of the best investment destinations in India. The Single Window mechanism within the Assam Ease of Doing Business Act, which currently covers more than 300 services online, reflects our strong commitment to ensuring efficiency, transparency, timeliness, and accountability in providing online services to the citizens of the State.

1.3. Industrial Infrastructure

Infrastructure is the backbone for sustaining investments and is vital to driving economic growth. Assam has taken positive steps to acquire and build a land bank near across various parts of the state to establish industrial infrastructure.

Assam offer a plethora of industrial infrastructure in the state and a large land bank for allotment to Industries. The State has dedicated infrastructure like;

- ▶ Tech Park Guwahati
- ▶ Software Technology Park (under STPI), Guwahati
- ▶ Biotech Park at Guwahati
- ▶ Plastic Park, at Tinsukia
- ▶ Bamboo Technology Park in Kamrup
- ▶ North-East Mega Food Park
- ▶ IGC Matia is the only Industrial Park in India with access to 4 countries within 750 KMs.

Assam also offers a 160 kms long 'Industrial Zone' near Guwahati with 1 km on either side of National Highway that connects Assam to the rest of India.

2. Introduction

Electronics and Semiconductors have become crucial drivers of economic growth and strategic security for countries. As India aims to achieve a \$5 Trillion economy, with a significant portion from its \$1 Trillion Digital economy, it's essential for the nation to establish a self-reliant and sustainable electronics and semiconductor ecosystem.

The ICT and Electronics sector has grown notably, primarily due to rising demand from emerging markets, leading to a shift in manufacturing focus towards Asia, particularly China, which dominates with 40% of global electronics output and 30% of exports. South East Asian countries like Vietnam and Indonesia have also emerged as electronics manufacturing hubs due to factors like cost-efficiency and proximity to China.

With the global electronics market valued at around \$2 trillion and anticipated growth from technologies like 5G, IoT, AI, Robotics, and Smart Manufacturing, semiconductors are vital for diverse applications like smartphones, cars, and defence systems.

The National Policy on Electronics 2019 (NPE 2019) aims to make India a global Electronics System Design and Manufacturing (ESDM) hub. Central to this policy is establishing semiconductor wafer fabrication facilities and associated chip component design and fabrication.

The pandemic, geopolitical tensions, and demand from emerging markets have led to a worldwide shortage of semiconductor chips, impacting domestic electronics manufacturing. This global chip shortage has led to a 5-7% production loss in India.

To enhance India's presence in the global electronics sector and establish export hubs for electronic components, the Indian Government has initiated the India Semiconductor Mission (ISM) and introduced four schemes. These schemes focus on setting up Semiconductor and Display fabs, fostering Compound Semiconductors, Silicon Photonics, Sensors Fab, and supporting electronics design through incentives.

Assam, as a gateway to North East India and ASEAN, is actively seeking semiconductor investments, aiming to become part of the semiconductor value chain.

3. Policy Vision and Objectives

The Assam Electronics (Semiconductor etc.) Policy 2023 aims to position Assam as a frontrunner in the realm of semiconductor manufacturing and electronics production, fostering innovation, economic growth, and global competitiveness. This policy endeavours to leverage Assam's strategic location, robust infrastructure, and stable governance to attract substantial investments in the semiconductor and electronics sectors.

3.1. Policy Vision

Our vision for the Assam Electronics (Semiconductor etc.) Policy 2023 is to establish Assam as a vibrant and self-reliant hub for semiconductor manufacturing and electronics production. By nurturing a conducive ecosystem that encourages research, development, and collaboration, we envision creating a technological landscape that not only meets the domestic demand for electronics but also contributes to global supply chains. Through innovation-driven growth, Assam will emerge as a leader in cutting-edge semiconductor technologies, propelling the state towards socio-economic progress.

3.2. Policy Objectives

- ▶ **Attract Investments:** The policy seeks to attract substantial investments from domestic and international players in semiconductor manufacturing and electronics industries. By providing a comprehensive package of incentives, including land allocation, regulatory support, and financial assistance, Assam aims to establish itself as a preferred destination for industry stakeholders.
- ▶ **Promote Research and Development:** Fostering a culture of innovation is crucial. The policy aims to facilitate collaborations between industry, academia, and research institutions to drive advancements in semiconductor technologies, electronics manufacturing, and related domains. Government of Assam affirms its commitment to ensuring the protection of Intellectual Property (IP) for all investors. Rigorous and comprehensive provisions for safeguarding intellectual property rights are in place to provide a secure environment for investors' innovative creations and proprietary technologies.
- ▶ **Confidentiality:** As an extension of the commitment to protect investors' IP interests, the Government of Assam reiterates its dedication to maintaining the confidentiality of investors' business-related information.
- ▶ **Skill Development:** The policy is committed to creating a skilled workforce that is well-equipped to meet the demands of the semiconductor and electronics sectors. Skill development initiatives and vocational training programs will be designed to align with industry requirements.
- ▶ **Infrastructure Development:** To support the growth of semiconductor manufacturing and electronics industries, the policy emphasizes the development of world-class infrastructure, including industrial parks, technology incubators, and research facilities.
- ▶ **Ease of Doing Business:** Assam aims to streamline regulatory processes, ensuring a business-friendly environment for semiconductor and electronics companies. Simplified procedures for obtaining licenses, permits, and approvals will be implemented to encourage hassle-free operations.

- ▶ **Environmental Sustainability:** The policy is committed to adopting environmentally sustainable practices in semiconductor manufacturing and electronics production. Efforts will be directed towards minimizing the ecological footprint and promoting eco-friendly technologies.
- ▶ **Global Competitiveness:** Through targeted interventions and strategic partnerships, the policy endeavours to enhance the global competitiveness of Assam's semiconductor and electronics industries. By fostering collaboration, trade, and technology exchange, Assam aims to make a significant mark on the global stage.
- ▶ **Job Creation:** As semiconductor manufacturing and electronics production thrive, the policy envisions creating a multitude of employment opportunities for the local population, contributing to inclusive growth and socio-economic development.
- ▶ **Brain Drain Reversal:** In our pursuit of establishing Assam as a pioneering hub for electronics and semiconductor manufacturing, a central focus of the Assam Electronics (Semiconductor etc.) Policy 2023 is to reverse the phenomenon of brain drain. This policy is designed to bring youth of Assam working across the country and beyond back to contribute to Assam's growth and development.
- ▶ **Value Chain Integration:** The policy seeks to strengthen the entire value chain of semiconductor manufacturing and electronics production. This includes supporting research, design, fabrication, assembly, testing, and packaging activities, ensuring a holistic ecosystem.

3.3. Policy Period

The Assam Electronics (Semiconductor etc.) Policy 2023 shall come into force from the date of notification and shall remain in operation for a period of 5 (five) years or till date the declaration of new or revised policy, whichever is earlier.

4. Eligibility

Eligibility of semiconductor projects /units which would come under the purview of this policy is indicated below. However, eligibility to avail specific incentives would be spelled out in detail in the operational guidelines of the policy.

4.1. General Eligibility criteria

- ▶ All new units falling under "Semiconductor Manufacturing" are entitled for benefits under this policy unless specifically stated otherwise in the provisions of the policy.
- ▶ Eligible industrial units shall be allowed to take up phase-wise commissioning of the total approved plant capacity within the overall prescribed time limit of 3 years for MSMEs and 5 years for Large Industries from the date of first fixed capital investment and avail applicable incentives in a phased manner.

4.2. Special Eligibility Criteria

These special eligibility criteria as described below will apply to units over and above the general eligibility criteria.

4.2.1. A project by any company/consortia/joint venture which has been qualified under any of the following schemes of India Semiconductor Mission of Government of India shall be eligible under this policy.

- o Scheme for setting up of Semiconductor Fabs in India
- o Scheme for setting up of Display Fabs in India
- o Scheme for setting up of Compound Semiconductors / Silicon Photonics Sensors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ OSAT facilities in India.
- o Any other such scheme of the Government of India.

4.2.2. Types of manufacturing units which come under these categories are as follows:

- o Semiconductor Fabs; Any Wafer size; Any Technology Node
- o Display Fabs; TFT-LCD (Gen-8 and above); AMOLED (Gen-6 and Above)
- o Compound Semiconductor Fabs; Silicon Photonics Fabs; Sensor Fabs, ATMP/OSAT Units.

4.2.3. Eligible 'Project Capex' in respect of the above units means the following:

- ▶ In the case of Semiconductor Fabrication projects, Eligible Capital Expenditure shall be limited to Capital Expenditure / Investment incurred on activities as described in Section 2.5.1 of vide No. W-38/30/2021/IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
- ▶ In the case of Display Fabrication projects, Eligible Capital Expenditure shall be limited to Capital Expenditure / Investment incurred on activities as described in Section 2.5.1 of vide No. W-38/6/2021/IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
- ▶ In the case of Compound Semiconductors / Silicon Photonics /Sensors Fab and Semiconductor Assembly / Testing / Marking & Packaging (ATMP) / Outsourced Semiconductors Assembly & Test (OSAT) facilities, Eligible Capital Expenditure shall be limited to Capital Expenditure / Investment incurred on activities as described in Section 2.8.1 of vide No. W-38/23/2021/IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.

5. Incentive Framework

Incentives offered under Assam Electronics (Semiconductor etc.) Policy 2023

5.1. Capital Subsidy

Government of Assam shall provide for an additional 40% (Forty Percent) of the Capex assistance given by the Government of India. Capital subsidy will be based on fixed capital investment as defined in clause 4.2.3 of this policy.

The capital subsidy will be disbursed in the following ratio in 5 years, post approval of the project by Government of India, in the following pattern:

Commencement of Construction		Commencement of Commercial Production		
Year 1	Year 2	Year 1	Year 2	Year 3
20%	20%	20%	20%	20%

The State Government retains the authority to adjust disbursement schedule of capital subsidy offered by the Government of Assam, either increasing or decreasing it by 10% on yearly disbursement schedule, depending on the specific circumstances of each case. i.e., the Government may change the annual disbursement between 18%-22% depending on the specific circumstances of each case.

5.2. Land-related incentives

Government of Assam may offer land at nominal prices and freehold transfer of land rights on case-to-case basis.

5.3. Stamp Duty Exemption

The Government shall extend 100% exemption of stamp duty on lease/ sale agreement of land or built-up space allotted by Government / AIDC / AIIDC / designated development authorities to eligible projects / units under this policy.

5.4. Incentive on Power supply

Government of Assam shall provide incentives in power tariff up to 50% of power tariff for 10 years from Commercial Operations Date. This shall be disbursed annually.

5.5. Provision for Water supply & Incentives

The State Government shall provide/facilitate, uninterrupted potable water supply to Semiconductor projects at the 'Project site'. The government will provide water in the required quantities at the rate of INR 5.00 / cubic meter for the first 10 years of operation.

- ▶ Government of Assam reserves the right to provide further subsidy on water tariff, up to 100% of Tariff, on a case-to-case basis.

5.6. SGST Reimbursement

For projects, as defined under this policy, Government of Assam reserves the right to provide SGST Reimbursement on a case-to-case basis up to a maximum of 15 years.

5.7. Payroll Assistance

In order to attract local employment, the State Government may provide Payroll Assistance of 20% of Net wages for local employees.

5.8. Customised Incentives for Eligible Projects

For eligible Projects, as defined under this policy, Government of Assam reserves the right to further incentivise through following, but not limited to, support mechanisms on a case-to-case basis:

- ▶ Ecosystem Infrastructure Development
- ▶ Social Infrastructure Development
- ▶ Provision of Green Energy
- ▶ Accommodation Support during development and implementation phase of the project
- ▶ Connectivity Infrastructure Development

To aggressively promote investments in the semiconductor sector within the state, the Empowered Committee, with the approval of the State Cabinet, may extend additional subsidies on a case-to-case basis.

6. Institutional Setup for Policy Implementation

Empowered Committee will be constituted with the following members to consider grant of Eligibility Certificate as well as approval of subsidy & Incentives to all units under the policy:

Hon'ble Minister, IC&PE	Chairman
Chief Secretary, Government of Assam	Vice Chairman
Sr. most Secretary to the Govt. of Assam, Finance Department	Member
Sr. most Secretary to the Govt. of Assam, Home Department	Member
Sr. most Secretary to the Govt. of Assam, Power Department	Member
Sr. most Secretary to the Govt. of Assam, Skill & Employment Department	Member
Sr. most Secretary to the Govt. of Assam, Environment & Forest Department	Member
Sr. most Secretary to the Govt. of Assam, IT Department	Member
Sr. most Secretary to the Govt. of Assam, Revenue & Disaster Management Department	Member
Sr. most Secretary to the Govt. of Assam, Public Works Department	Member
Sr. most Secretary to the Govt. of Assam, Labour Department	Member
Sr. most Secretary to the Govt. of Assam, Industries & Commerce Department	Member Secretary

6.1. Terms of reference of the Empowered Committee

- ▶ The Committee shall scrutinize the application(s) and approve the deserving proposals for issuance of Project Approval and Mega Project Status.
- ▶ The committee shall recommend on incentives for project proposals and customised incentives for Mega Project proposals which shall be placed in the Cabinet through Sr. most Secretary to the Govt. of Assam, Industries & Commerce Department.
- ▶ The Committee shall review implementation of various incentives in the State and may suggest remedial measures as and when felt necessary.
- ▶ The Committee shall meet as and when necessary.
- ▶ The Chairman may co-opt any expert/s, Officer for specific proposals.

7. Financial and Monetary Framework: The State Government may establish a financial and monetary framework that mitigates the potential risks associated with fluctuations in currency exchange rates during the disbursement of incentives.

8. Power to Remove Difficulties: If any difficulty arises in giving effect to the provisions of this Policy, the State Government may make such provisions/take such decisions for removing the difficulty.